

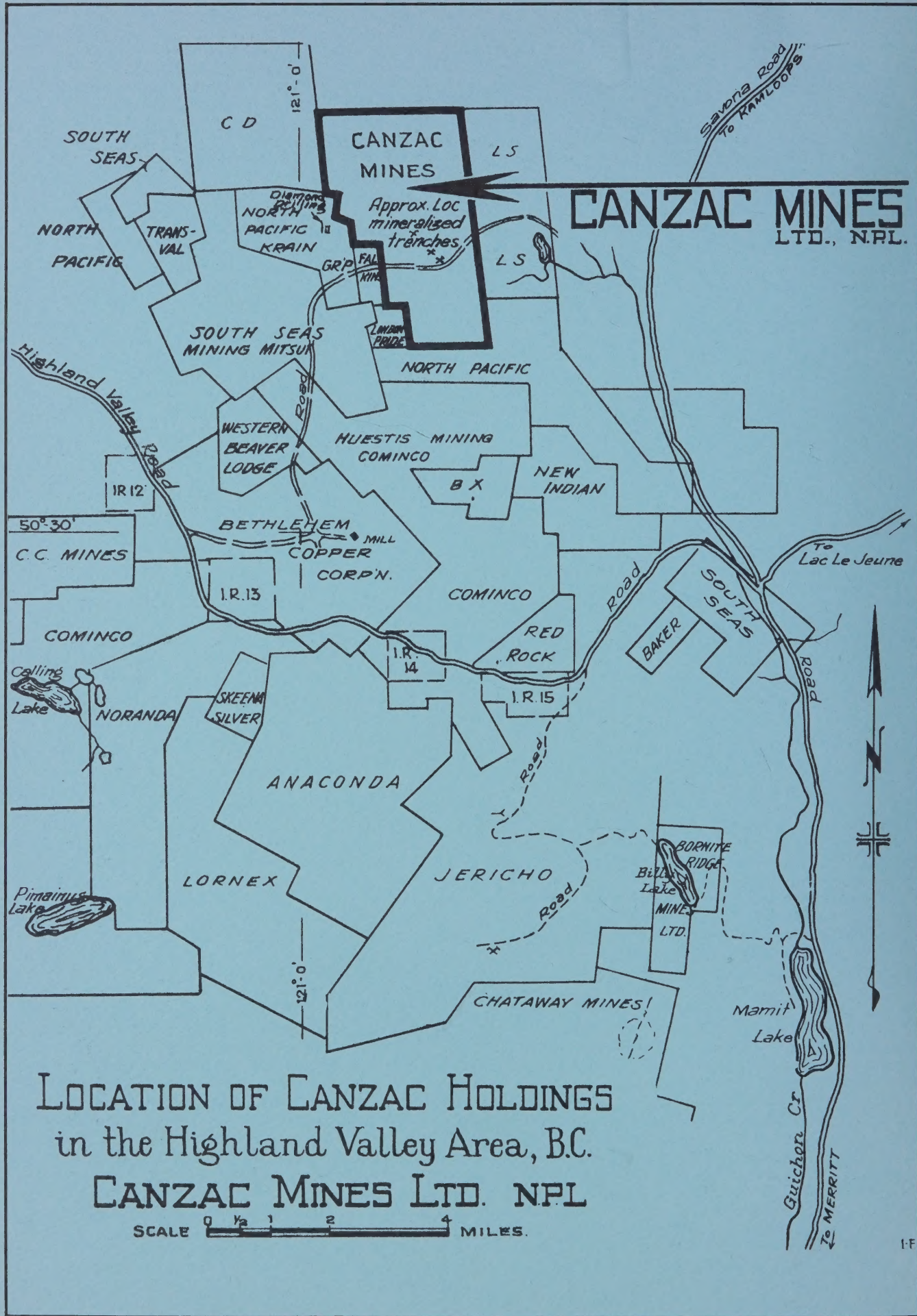
**ANNUAL REPORT**

**1965**

**Gamzac**

MINES LTD. (N.P.L.)





LOCATION OF CANZAC HOLDINGS  
in the Highland Valley Area, B.C.

CANZAC MINES LTD. NPL

SCALE 0 1/2 1 2 4 MILES.

# ***Canzac Mines Limited (n.p.l.)***

## **OFFICERS and DIRECTORS**

Ralph Sostad - - - - - President  
F. J. Doyle - - - - - Vice-President  
Chester A. Johnson, B.Comm. C.A. - - - - - Treasurer  
S. David Anfield, LLB. - - - - - Secretary  
Richard Palmer - - - - - Director

## **REGISTERED OFFICE**

10th Floor - Credit Foncier Buildin,  
850 West Hastings Street - Vancouver, B.C.

## **EXECUTIVE OFFICE**

418 - 510 West Hastings Street - Vancouver, B.C.

## **TRANSFER AGENT**

National Trust Company Limited - Vancouver, B.C.

## **AUDITORS**

McDonald, Currie & Co. - Vancouver, B.C.

## **SOLICITORS**

Russell & DuMoulin - Vancouver, B.C.

## **CAPITALIZATION**

5,000,000 shares 50c par value.



# ***Report of the Directors***

It is a pleasure to present the First Annual Report of Canzac Mines Limited (n.p.l.) covering the twelve months ended December 15, 1965. You will note that your Company holds three widely separated mining properties which your Directors consider, on the basis of the reports of professional consultants, to have the necessary merit to warrant exploration and development. You will also note that at December 15, 1965, the date of our Annual Audit, the treasury contained working capital in excess of \$130,000.

## **Highland Valley**

The original Highland Valley copper property consists of 74 mineral claims containing some 3,500 acres. This group is strategically situated adjoining the Krain group of North Pacific Mines Limited, which is currently under development by Canex Aerial Exploration Limited, and about four miles north of the producing Jersey mine of Bethlehem Copper Corporation Limited.

The limited exploratory work to date has disclosed widespread copper mineralization of marginal or sub-marginal grade. This is to say that the grade is not economic on the accepted basis of 30c per lb. of copper and before the big exploration companies announced plans for developing properties with a grade of 0.4% copper or even lower. M.E.M. Consultants Limited, a leading Toronto consulting geological and engineering firm, has recommended temporary suspension of work on the property while a study and evaluation is made on the work to date. They advise further that our Company cannot hope to achieve commensurate value for the dollars expended on work performed during the difficult Winter conditions, which this year have been unduly severe.

A photo-geological interpretation of the property and immediate surrounding area has been commenced. This study should provide valuable information as to the presence of major structural favourable areas. It is expected this work will require about two months, following which the physical exploration of the property will be resumed.

## **Kamloops Lake**

During the year, your Company staked the 30-claim Doyle group of mineral claims located on the north side of Kamloops Lake, near Savona, B.C. Mineralization is of good quality with grab samples assaying from 0.4% to 8.08% copper. A geological map of this property is presently being prepared. This map will give some indication of the size of the deposit, which on cursory examination appears to be extensive in a basic-rock formation.

## **Dynasty - Vangorda Area, Yukon**

Since the close of the fiscal year, your Directors have seen fit to purchase outright a group of 30 mineral claims adjoining the Ace Group of Dynasty Explorations Limited on the north and east. These claims are strategically located very close to an area in which Dynasty is reported to have found exceptionally strong indication of metallic orebodies, and one which, we understand, will be given a high priority in work to be done in 1966.

L. G. White, consulting mining engineer of Vancouver, has recommended an immediate exploration programme to consist of (a.) A preliminary airborne magnetometer survey utilizing a helicopter. (b.) Laying out a closely-spaced grid over indicated anomalous areas and proceeding with ground follow-up surveys using electromagnetic methods. (c.) Checking specific target areas as indicated by (a.) and (b.) by use of self-potential or gravity surveys to determine the possibility of a sulphide occurrence. (d.) Test-drilling the target areas by rotary or dry percussion-type methods dependent on the depth of overburden. Mr. White has estimated the cost of this work at \$50,000.

M.E.M. Consultants Limited is negotiating with Canadian Aero Mineral Surveys of Ottawa for airborne electromagnetic and magnetic surveys of the property at the earliest possible time. These surveys will be invaluable in assessing the mineral potential of our property, an undertaking in which we will also be guided to some extent by the results of the projected activity of our numerous neighbours. There is persistent talk of the construction of a smelter in the Vangorda Creek area.

## **Conclusion**

The foregoing provides a brief outline of the activity of your Company during its first year. Your Directors have been instrumental in acquiring three properties of merit and the treasury is adequate for the preliminary exploration proposed. Our consultants are highly regarded within the mining industry. Consequently, we feel that the Shareholders of Canzac Mines Ltd. can look forward to 1966 with anticipation and confidence.

February 10th, 1966.

Ralph A. Sostad,  
President.



We have examined the balance sheet of Canzac Mines Ltd. (N.P.L.) as at December 15, 1965, and the statement of source and use of funds for the period ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of source and use of funds present fairly the financial position of the company as at December 15, 1965, and the results of its operations for the period ended on that date in accordance with generally accepted accounting principles.

McDONALD, CURRIE & CO.  
Chartered Accountants.

Vancouver, B.C.  
December 30, 1965

# ***Auditors'***

## ***Report***

### ***To the Shareholders***

#### **Assets**

CURRENT ASSETS		\$
Cash	145,373	
Prepaid expenses and advances	639	146,012
MINING PROPERTIES—at value ascribed to 750,000 shares issued as consideration for the properties with subsequent additions at cost (note 2)		375,645
FIXED ASSETS (note 1)		
Machinery and equipment—at cost less accumulated depreciation		7,267
DEFERRED EXPENSES (note 2)		
Exploration and development—per schedule	76,822	
Administration—per schedule	7,020	
Organization costs	1,166	85,008
		<u>613,932</u>
SIGNED ON BEHALF OF THE BOARD		
Ralph Sostad, Director		
F. J. Doyle, Director		

CANZAC MINES LTD.  
(N.P.L.)

## ***Balance Sheet***

as at December 15, 1965

#### **Liabilities**

CURRENT LIABILITIES	\$
Accounts payable and accrued liabilities	11,837

#### **Shareholders' Equity**

CAPITAL STOCK		
Authorized—		
5,000,000 shares of the par value of 50c each		
Issued and fully paid—		
1,232,002 shares for cash	616,001	
Less: Discounts and commissions	388,906	
	227,095	
750,000 shares for property	375,000	
		602,095
		<u>613,932</u>

Signed on behalf of the Board:  
RALPH SOSTAD, Director  
F. J. DOYLE, Director

CANZAC MINES LTD.  
(N.P.L.)

**Statement of Source  
and Use of Funds**

for the period  
December 15, 1964  
to December 15, 1965

SOURCE OF FUNDS

Proceeds on sale of 1,232,002 shares for cash		\$	227,095
USE OF FUNDS			
Purchase of mining properties	645		
Purchase of fixed assets	8,830		
Exploration and development expenses	76,822		
Administration expenses	7,020		
	83,842		
Less: Depreciation, a charge not requiring a cash outlay	1,563	82,279	
Organization costs		1,166	92,920
WORKING CAPITAL—END OF PERIOD			<u>134,175</u>

CANZAC MINES LTD.  
(N.P.L.)

**Schedule of  
Exploration and  
Development  
Expense and  
Administration  
Expense**

for the period  
December 15, 1964  
to December 15, 1965

EXPLORATION AND DEVELOPMENT

Assays	402
Auto and truck	2,127
Consulting fees	4,151
Camp	5,396
Diamond drilling	21,845
Equipment rental	11,322
Freight	46
Geophysical survey	6,157
Licences and taxes	487
Wages and wage assessments	14,935
Repairs and maintenance	427
Travel	2,987
General	1,001
Survey	898
Depreciation	1,378
Outside exploration	3,263
	<u>76,822</u>

ADMINISTRATION

Accounting, audit and legal	2,376
Automobile	213
Office	2,960
Promotion and advertising	1,286
Depreciation	185
	<u>7,020</u>

CANZAC MINES LTD.  
(N.P.L.)

**Notes to Financial  
Statements**

for the period  
December 15, 1964  
to December 15, 1965

1. FIXED ASSETS

Machinery and equipment and related depreciation are  
classified as follows:

	Cost	Accumulated depreciation	Net
	\$	\$	\$
Automotive equipment	6,278	1,177	5,100
Furniture and fixtures	1,481	185	1,296
Camp equipment	1,071	201	871
	<u>8,830</u>	<u>1,563</u>	<u>7,267</u>

2. VALUES

The amounts shown for mining properties and deferred  
expenses represent costs to date and are not intended to  
reflect present or future values.



# CANZAC MINES LTD. (NPL) Now in the Dynasty Area

